

Hello Members of the Michigan House Competitiveness Committee,

My name is Sonja Karnovsky and I will be a senior at the University of Michigan. I'd like to start by thanking you for allowing me to testify before the committee regarding HB 4182 and especially Representative Schor for inviting me to speak to you today. I believe that this bill will provide new opportunities for recent college graduates who want to stay in the state of Michigan. Furthermore, I believe that adding a tax incentive will allow more students the opportunity to stay and help grow Michigan's economy. This bill will truly benefit Michigan's people and infrastructure as it allows Michigan to retain its valuable human capital.

I am here today representing the College Democrats at the University of Michigan and the U-M chapter of the Roosevelt Institute Campus Network. The College Democrats have come to Lansing each year to lobby for our state's higher education institutions. In 2011, we decided to take our efforts a step further by partnering with Roosevelt to research and write a concrete policy based on our values and our vision for the economic direction of the state. We looked at the main problems facing students and Michigan's economy: the loss of human capital due to college graduates leaving the state, and the student debt crisis that leaves students and families struggling to afford *public* universities. The policy we created seeks rectify these problems by adding incentives for these talented young graduates to stay in the state to help grow Michigan's economy.

According to the Detroit Free Press, business leaders in Michigan have repeatedly said that the state will require over 1 million college graduates in the next decade to remain competitive, and current policies are failing to support students in Michigan's higher education institutions. With recent cuts to higher ed appropriations, (with significant increases in tuition over the past decade) there is no

better time for this bill. Since 2007, the average tuition among the state's universities increased by over 30%, even as the recession impacted families in Michigan. As a result, average student debt rose to \$26,000 per student. With the pressure of debt and the limited job prospects in our state - one of the worst hit by the recession - graduates have left the state in staggering numbers, and continue to do so. This bill, through the use of a tax credit, will incentivize students to stay in the state by easing their debt burden. In addition, the bill allows employers to qualify for the credit by assuming an employee's student loans. These two provisions will act as powerful incentives to increase retention of graduates and help increase our state's human capital.

The proposal outlines a structure similar to the Opportunity Maine Program that was passed in 2008 by Maine's state legislature. It calls for a tax credit that would be made available to students who graduate from any Michigan institution of higher education and choose to live and work in the state. Offering this tax credit is necessary for the state to ensure that it does not lose its talented graduates. With this small added incentive Michigan can make itself competitive for recent graduates and ensure that its economy will thrive in coming years. Maine has shown that this type of program can be successful and financially viable, and Michigan should follow its example and adopt the tax credit outlined in HB 4182.